UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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| FRAGRANCENET.COM, INC., Plaintiff, -v- FRAGRANCEX.COM, INC. and JOHN DOES 1-20, Defendants. | CV 06 2225 (JFB) (AKT) |

**MEMORANDUM OF DEFENDANT FRAGRANCEX.COM, INC.**
**IN OPPOSITION TO MOTION FOR LEAVE TO AMEND COMPLAINT**

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## PRELIMINARY STATEMENT

The claims that plaintiff proposes to add by its third amendment to the complaint are legally defective. For this reason, the proposed amendment would be futile and plaintiff's motion should be denied.

The proposed new claims allege that plaintiff has a trademark and that the trademark is infringed or otherwise misused by defendant's alleged use of the trademark both as a keyword to prompt the appearance of defendant as a sponsored link in Google searches and by inclusion of the trademark in defendant's website metatags. Even assuming the truth of the new allegations, the claims are legally defective because these uses do not constitute trademark use, because they do not produce a likelihood of confusion, and because plaintiff's alleged trademark is so highly descriptive or generic that it is not entitled to trademark protection.

## FACTS

Defendant's opposition to this motion is based on the futility of amendment due to the failure of the proposed additions to the complaint to state a claim upon which relief can be granted. Consequently, as in a Rule 12(b)(6) motion, the well-pleaded allegations of the proposed Third Amended Complaint are taken as true for purposes of this motion (although not admitted in fact).

## ARGUMENT

## POINT I

## THE USE OF PLAINTIFF'S ALLEGED TRADEMARK AS A GOOGLE KEYWORD OR IN DEFENDANT'S METATAGS IS NOT A TRADEMARK USE

All of plaintiff's proposed new counts depend on plaintiff's allegation that FragranceX is using plaintiff's alleged trademark. Plaintiff's Br., p. 5. Because the acts alleged in the proposed Third Amended Complaint – insertion of plaintiff's alleged trademark in the metatags of FragranceX's website and the purchase of plaintiff's alleged trademark as a keyword for Google searches – do not constitute trademark use in this Circuit, all of these new claims are legally defective.

Federal and state trademark infringement and unfair competition claims have substantially the same elements in New York, including the kind of trademark use that is actionable. See Louis Vuitton Malletier v. Dooney & Bourke, Inc., 454 F.3d 108, 119 (2d Cir. 2006) ("We analyze claims under New York's unfair competition statute in a similar fashion to how we analyze claims under the Lanham Act"); Info. Superhighway, Inc. v. Talk Am., Inc., 395 F. Supp. 2d 44, 56 (S.D.N.Y. 2005) ("The elements necessary to prevail on common law causes of action for trademark infringement and unfair competition mirror Lanham Act claims"); Lorillard Tobacco Co. v. Jamelis Grocery, Inc., 378 F. Supp. 2d 448, 456 (S.D.N.Y. 2005) ("It is well-established that the elements necessary to prevail on causes of action for trademark infringement and unfair competition under New York common law 'mirror the Lanham Act claims.' Malletier v. Dooney & Bourke, Inc., 340 F. Supp. 2d 415, 436-37 (S.D.N.Y. 2004).").

District courts in the Second Circuit, following 1-800 Contacts, Inc. v. WhenU.com, Inc., 414 F.3d 400 (2d Cir. 2005), have consistently held that neither use of a trademark as a keyword to prompt the appearance of defendant as a sponsored link in Google searches nor the inclusion of the trademark in defendant's website metatags is a trademark use. In 1-800 Contacts, Inc., defendant WhenU caused ads to pop up on internet users' screens when the users accessed certain websites. The pop-up ads were for products or services in the same category as the website being accessed, including competitors of the accessed website. The alleged "use in commerce" of plaintiff's trademark was the inclusion of plaintiff's trademark in WhenU's database and its use to trigger competitors' pop-up ads. Id. at 406-08.

The Second Circuit reversed a preliminary injunction, holding that WhenU's use was not a "use" as the Lanham Act uses the word. The Court followed two district court cases, one of which it cited for the proposition that use of a trademark for a "pure machine-linking function" was not "use." Id. at 408. The Court reasoned that the "internal utilization of a trademark in a way that does not communicate it to the public .... simply does not violate the Lanham Act, which is concerned with the use of trademarks in connection with the sale of goods or services in a manner likely to lead to consumer confusion as to the source of such goods or services." Id. at 409. This is precisely the situation here – no use by defendant is alleged to communicate plaintiff's "trademark" to the public.[1]

The first case in this Circuit to rule on the specific keyword issue present in this case was Merck & Co. v. Mediplan Health Consulting, Inc., 425 F. Supp. 2d 402 (S.D.N.Y. 2006). Defendants' keyword conduct was identical to FragranceX's alleged conduct here – they purchased plaintiff's trademark from Google and Yahoo as a keyword so that their websites were

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[1] Plaintiff (Br., pp. 8-9) argues that the Second Circuit distinguished the keyword issue at stake in the Ninth Circuit Playboy and Brookfield cases from the pop-up ad issue that it had before it in 1-800 Contacts, Inc. Plaintiff omits to mention that the Second Circuit went to the trouble to specify that it did not thereby "necessarily endorse their holdings" and it cited Judge Berzon's concurring opinion in Brookfield, which concurred in the result on constraint of Ninth Circuit precedent but noted her disagreement with the holding. 414 F.3d at 411 and n. 15.

"displayed among the first results returned, as sponsored links, when a computer user conducts a search for the keyword ZOCOR." Id. at 415.

Defendants' motion for judgment on the pleadings was granted. The Court found that defendants' "internal use of the mark "ZOCOR" as a key word to trigger the display of sponsored links is not use of the mark in a trademark sense" because "defendants do not 'place' the ZOCOR marks on any goods or containers or displays or associated documents, nor do they use them in any way to indicate source or sponsorship...." Id.

The Northern District of New York followed Merck in Rescuecom Corp. v. Google, Inc., 456 F. Supp. 2d 393 (N.D.N.Y. 2006). There, Google moved under Rule 12(b)(6) to dismiss keyword-selling claims framed as federal trademark, unfair competition (15 U.S.C. §1125(a)) and dilution claims. Accepting Merck's reasoning and rejecting the authority cited by FragranceNet here, the Court dismissed the complaint. The Court pointed out that there was no allegation that any third party links in the search results displayed plaintiff's trademark, that "defendant's activities affect the 'appearance or functionality' of plaintiff's website," that "defendant's activities prevent a link to plaintiff's website from appearing on the search results page," or that "defendant placed plaintiff's trademark on any goods, displays, containers, or advertisements, or used plaintiff's trademark in any way that indicates source or origin ...." Id. at 401-03. There are no such allegations here, either.

The Northern District reiterated its views in Hamzik v. Zale Corporation/Delaware, 2007 U.S. Dist. LEXIS 28981 (N.D.N.Y. Apr. 19, 2007). There, the court cited Merck and Rescuecom with approval. Id. at *3. The Court there held that if the link to defendant did display plaintiff's trademark for the public to see, such a display could be a use in commerce. Id.

However, in the instant case, there is no allegation that plaintiff's trademark was displayed to the public by FragranceX.

Last week, in this District, Mag. Judge Reyes granted a Rule 12(b)(6) motion dismissing plaintiff's complaint for trademark infringement, unfair competition and dilution on substantially the same facts as are present here. Site Pro-1, Inc. v. Better Metal, LLC, 2007 U.S. Dist. LEXIS 34107 (E.D.N.Y. May 9, 2007). Plaintiff alleged that defendant put plaintiff's trademark in the metatags of its website and also purchased its trademark from Yahoo as a keyword for a sponsored search. Id. at *1. Defendant moved to dismiss, arguing that its use of the trademark was not a "use of a trademark in commerce" under the Lanham Act. Id. at *6.

Acknowledging that courts in other circuits have held that the use of a trademark in metadata or as part of a sponsored search is a "use in commerce," the Court stated that "[t]he courts in this Circuit ... have largely rejected these claims." Id. at *6-7. Relying on Merck, Rescuecom, and Hamzik, the Court dismissed the complaint, because defendant had not "placed plaintiff's trademark on any goods, displays, containers, or advertisements, or used plaintiff's trademark in anyway that indicates source or origin.... and therefore no Lanham Act 'use' has been alleged." Id. at *13.

This case is on all fours with Site Pro-1 and the other New York District Court cases cited above. The courts in this Circuit have consistently rejected claims of trademark use based on merely mechanical uses of a trademark that are not visible to the consuming public. Neither of the alleged uses of plaintiff's alleged trademark – as a keyword or in defendant's metatags – is visible to the public.[2] No one seeing defendant's ads or website would see plaintiff's alleged trademark there. This is not a trademark "use," and plaintiff's claims, which all depend on such use, are legally defective.

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[2] Plaintiff admits as much. Plaintiff Br., p. 2; Apfel Aff., ¶4.

## POINT II

## THE USE OF PLAINTIFF'S TRADEMARK AS A GOOGLE KEYWORD OR IN METATAGS DOES NOT CREATE A LIKELIHOOD OF CONFUSION

The only effect that FragranceNet alleges from the use of "FragranceNet" as a keyword by defendant or in defendant's metatags is that defendant's advertisement appears as one of the sponsored links that Google displays next to the list of search results, or may appear somewhere in the same search as FragranceNet. Proposed Third Amended Complaint, ¶¶24-26. As a matter of law, the effect alleged is not likely to produce confusion in a substantial number of reasonable consumers. Because all of plaintiff's proposed claims other than dilution (Counts III and VII) require likely confusion, they are all legally defective for this reason as well.

Likelihood of confusion as to the source, origin or sponsorship of defendant's products is a material element of all claims based on misuse of another's trademark, except dilution. 4 McCarthy on Trademarks, §23:10; Hormel Foods Corp. v. Jim Henson Prods., Inc., 73 F.3d 497, 502 (2d Cir. 1996); Gruner + Jahr USA Pub. v. Meredith Corp., 991 F.2d 1072, 1077 (2d Cir. 1993) (15 U.S.C. §1114); Time, Inc. v. Petersen Pub. Co. L.L.C., 173 F.3d 113, 117 (2d Cir. 1999) (15 U.S.C §1125(a)); Montblanc-Simplo & Montblanc, Inc. v. Aurora Due S.R.L., 363 F. Supp. 2d 467, 477 (E.D.N.Y. 2005) (trademark infringement, unfair competition and false designation of origin under the Lanham Act and New York common law); Jaret Int'l, Inc. v. Promotion in Motion, Inc., 826 F. Supp. 69, 77 (E.D.N.Y. 1993) (New York common law unfair competition).

"Likelihood of confusion" requires that an appreciable number of "knowledgeable" and "ordinarily prudent" buyers are likely to be confused. Estee Lauder Inc. v. The Gap, Inc., 108

F.3d 1503, 1511 (2d Cir. 1997); Pfizer Inc. v. Astra Pharm. Prods., Inc., 858 F. Supp. 1305, 1328 ( S.D.N.Y. 1994) (summary dismissal granted); Jim Beam Brands Co., Inc. v. Beamish & Crawford, Ltd., 852 F. Supp. 196, 199 (S.D.N.Y. 1994) (same); Int'l Data Group, Inc. v. J & R Elec., Inc., 798 F. Supp. 135, 138 (S.D.N.Y.), aff'd, 986 F.2d 499 (2d Cir. 1992) (same).

Absence of likelihood of confusion may be determined on the pleadings. Murray v. Cable Nat'l Broad. Co., 86 F.3d 858 (9th Cir. 1996), cert. den., 519 U.S. 1058 (1997) (affirming dismissal of trademark claim on Rule 12(b)(6) motion for absence of likely confusion); J.G. Wentworth, S.S.C. Ltd. P'ship v. Settlement Funding LLC, 2007 U.S. Dist. LEXIS 288 (E.D. Pa. Jan. 4, 2007); Sweet v. City of Chicago, 953 F. Supp. 225, 231 (N.D. Ill. 1996); Hooker v. Columbia Pictures Indus., Inc., 551 F. Supp. 1060, 1064-65 (N.D. Ill. 1982).

Here, it is inconceivable that an appreciable number of "knowledgeable" and "ordinarily prudent" internet users are likely to be confused by the appearance of defendant's advertisement among the sponsored links that appear when plaintiff's alleged trademark is used as a keyword.

Google returns its search results in a column on the left side of the screen. (All of the factual statements in this paragraph are illustrated by exhibit D to the proposed Third Amended Complaint). When "fragrancenet" or "fragrance net" is the search term, plaintiff's own website is returned at the top of a list of results. There are many other search results displayed as well, none of which are defendant's website. On the right side of the screen, there is another column, clearly and prominently labeled "Sponsored Links." Under this heading, another group of website links is displayed, including defendant's.

The only possible basis for consumer confusion between plaintiff and defendant is the mere appearance of defendant's link amid the Babel of search results and sponsored links. As both the Second Circuit in 1-800 Contacts and the Northern District in Rescuecom recognized, this is no different from drug stores placing their generic products next to the corresponding branded products in order to induce customers to consider an alternative. 1-800 Contacts, 414 F.3d at 412; Rescuecom, 456 F. Supp. 2d at 402-03. This is not confusion, but choice. See Playboy Enter., Inc. v. Netscape Comm. Corp., 354 F.3d 1020, 1035 (9th Cir. 2004) (Berzon, J., conc.) With all the brands on the shelf (or, here on the screen), consumers are no more likely to confuse defendant with plaintiff than they are to confuse every other search result appearing on the screen with plaintiff. If this is unlawful, plaintiff would have the right to require Google to display plaintiff alone on the screen any time plaintiff's trade name is the search term, which would be ridiculous.

Plaintiff assumes that in searching "fragrance net" or "fragrancenet," consumers are seeking plaintiff's website. Plaintiff's Brief, pp. 4,6. Consumers who want plaintiff's website will indeed find plaintiff's website, as the search results shown in Exhibit D to the proposed Third Amended Complaint show. The search results in Google searches include plaintiff's internet address, www.fragrancenet.com. It defies logic to believe that any internet user, much less a "substantial number" of "knowledgeable, ordinarily prudent" users, who is seeking "fragrancenet's" website and is confronted by a search result with the address www.fragrancenet.com will somehow believe that the "fragrancenet" website he or she is looking for is instead the one with the address "fragrancex.com."

Plaintiff's argument from the "initial interest" confusion line of cases adds nothing to its argument. As noted above, each of the plethora of search results and sponsored links for many websites will receive the same "initial interest" when plaintiff's alleged trademark is used as a search term. No one would have the hardihood to argue that all of the search results are perforce likely to cause confusion and must be barred from Google's search results.

This issue of likelihood of confusion resulting from search results was raised by Judge Berzon in her concurring opinion in Playboy Enterprises. Judge Berzon concurred with the majority opinion because it followed the earlier Ninth Circuit Brookfield case, but she expressed concern that Brookfield was wrongly decided. 354 F.3d at 1034. She criticized Brookfield because it "might suggest that there could be a Lanham Act violation *even if* the banner advertisements were clearly labeled, either by the advertiser or by the search engine." Id. (emphasis in original). Such a result, in her view, would "expand the reach of initial interest confusion from situations in which a party is initially confused to situations in which a party is never confused." Id. She continued:

> I do not think it is reasonable to find initial interest confusion when a consumer is never confused as to source or affiliation, but instead knows, or should know, from the outset that a product or web link is not related to that of the trademark holder because the list produced by the search engine so informs him.
>
> There is a big difference between hijacking a customer to another website by making the customer think he or she is visiting the trademark holder's website (even if only briefly), which is what may be happening in this case when the banner advertisements are not labeled, and just distracting a potential customer with another *choice*, when it is clear that it is a choice. True, when the search engine list generated by the search for the trademark ensconced in a metatag comes up, an internet user might *choose* to visit … the defendant's website … instead of the plaintiff's … website, but such choices do not constitute trademark infringement off the internet, and I cannot understand why they should on the internet.

Id. at 1034-35 (emphases in original and added).

Similarly, the Eastern District of Pennsylvania, while finding keyword and metatag uses to be uses in commerce, recently dismissed claims based upon them because there was no likelihood of confusion. J.G. Wentworth, 2007 U.S. Dist. LEXIS 288. There, as here, plaintiff's claims for trademark infringement and unfair competition were based upon defendant's alleged use of plaintiff's trademarks through Google's AdWords program and in the metatags for defendant's website. Id. at *4. The Court granted defendant's motion to dismiss for lack of any likelihood of confusion:

> At no point are potential consumers "taken by a search engine" to defendant's website due to defendant's use of plaintiff's marks in meta tags. Rather, as in the present case, a link to defendant's website appears on the search results page as one of many choices for the potential consumer to investigate. … [T]he links to defendant's website always appear as independent and distinct links on the search result pages regardless of whether they are generated through Google's AdWords program or search of the keyword meta tags of defendant's website. Further, plaintiff does not allege that defendant's advertisements and links incorporate plaintiff's marks in any way discernable to internet users and potential customers.
>
> ... Due to the separate and distinct nature of the links created on any of the search results pages in question, potential customers have no opportunity to confuse defendant's services, goods, advertisements, links or websites for those of plaintiff.

Id. at *22-24 (emphases added). The court concluded that "[e]ven accepting plaintiff's allegations as true – i.e., assuming that defendant did in fact use plaintiff's marks through Google's AdWords program or in the keyword metatags for its website – as a matter of law defendant's actions do not result in any actionable likelihood of confusion under the Lanham Act." Id. at *18. See also Gov't Employees Ins. Co. v. Google, Inc., 2005 U.S. Dist. LEXIS 18642, at *25-26 (E.D. Va. Aug. 8, 2005) (granting defendant's motion for judgment under Fed. R. Civ. P. 52(c) upon the close of plaintiff's case because defendant's use of plaintiff's trademark as a keyword without more did not create a likelihood of confusion).

Based on the facts pleaded in the proposed Third Amended Complaint, there is no likelihood of confusion, and all of the proposed new claims other than the dilution claims (Counts II and VII) are legally insufficient for this reason.

## POINT III

## PLAINTIFF'S ALLEGED TRADEMARK IS NOT PROTECTABLE BECAUSE IT IS GENERIC OR HIGHLY DESCRIPTIVE

All of plaintiff's claims depend on defendant's alleged misuse of plaintiff's trademark, and therefore depend on plaintiff having a trademark in the first place. However, plaintiff's alleged trademark is not a protectable trademark because it is generic or highly descriptive. For this reason, too, all of plaintiff's proposed claims are legally defective.

The rash of ".com" and ".net" trade names has spawned a body of trademark law concerning whether adding such internet terms to a generic or descriptive trade name – such as "Fragrance" for a business that sells fragrances – makes that generic or descriptive name protectable. The law has now crystallized. Adding terms suggestive of the internet to a generic or descriptive trade name does not create a protectable trademark, except in rare circumstances not present here.

Generic names cannot be trademarks because "[t]o allow trademark protection for generic terms, i.e., names which describe the genus of goods being sold, even when these have become identified with a first user, would grant the owner of the mark a monopoly, since a competitor could not describe his goods as what they are." CES Publ'g Corp. v. St. Regis Publ'ns. Inc., 531 F.2d 11, 13 (2d Cir. 1975) ("Consumer Electronics" generic). Because a "generic term, by definition, identifies a type of product, not the source of the product," it "cannot function as an indicator of the source of a product and thus as a trademark, because the relevant public understands the term primarily as the common name for the product." In re Steelbuilding.com, 415 F.3d 1293, 1296 (Fed. Cir. 2005).

The term "fragrance" is generic. The Merriam-Webster's On-line Dictionary defines "fragrance" as inter alia "something (as a perfume) compounded to give off a sweet or pleasant odor." See http://www.m-w.com/dictionary/fragrance. FRAGRANCENET is the name of an internet site selling perfumes and similar products. Proposed Third Amended Complaint, ¶2. The word "fragrance" therefore describes the genus of goods being sold on the site and is generic as applied to this site.

Addition of the term "net" does not save plaintiff's "trademark." In InterState Net Bank v. NetB@nk, Inc., 221 F. Supp. 2d 513 (D.N.J. 2002), the Court found that the term 'net' was "synonymous with and used as an abbreviation of the word 'internet'" and "[a]s plaintiff points out, the Fourth Circuit has deemed the word 'internet' a generic term due to its pervasive use." *Id.* at 523 (citing America Online, Inc. v. AT&T Corp., 243 F.3d 812, 820-21 (4th Cir.), cert. dis., 534 U.S. 946 (2001)). The Court concluded that the name NETBANK for an internet bank was generic because "bank" was generic and "'net' as an abbreviation of 'internet,' imparts the meaning of the underlying term and is treated similarly here." Id. See also In re Savin Corp., 69 Fed. Appx. 997, 999, 2003 WL 21316775 (Fed. Cir. 2003) (unpublished opinion) (upholding rejection of registration of the mark SAVIN NET unless the word NET was disclaimed: "the term NET is descriptive ...The mark immediately conveys to prospective customers that [party's] goods and services feature a computer network" and "in the context in which Savin uses the term, NET signifies network, which describes the system of interconnected computers used to process on-line orders of [party's] parts and supplies").

Similarly, numerous courts have found that the addition of the suffix ".com" to a generic term does not change the generic character of the mark. In In re Martin Container Inc., 65 U.S.P.Q.2d 1058 (T.T.A.B. 2002), the Trademark Trials and Appeals Board refused to register CONTAINER.COM. The Board found the term "container" to be generic and "combining this generic term with the TLD [top level domain indicator] '.COM' does not result in a mark registrable on the Supplemental Register because the TLD has no source-identifying significance that it can add to the generic term." Id. at 1059. To the same effect are: In re CyberFinancial. Net Inc., 65 U.S.P.Q.2d 1789 (T.T.A.B. 2002) (BONDS.COM generic); In re Reed Elsevier Props., Inc., 482 F.3d 1376 (Fed. Cir. 2007) (LAWYERS.COM generic); In re Eddie Z's Blinds and Drapery, Inc., 74 U.S.P.Q.2d 1037 (T.T.A.B. 2005) (BLINDSANDDRAPERY.COM generic); Kremen v. Cohen, 6 ILR (P&F) 755 (N.D. Cal. Nov. 27, 2000), Fallek aff., Exh. G (sex.com generic).

Even if FRAGRANCENET is not generic, it is at least highly descriptive. Highly descriptive trade names used on the internet including "com" or "net" have received virtually the same treatment as generic names. "The addition of a TLD to an otherwise descriptive … term [does] not make the proposed mark registrable." In re Oppedahl & Larson LLP, 373 F.3d 1171, 1173 (Fed. Cir. 2004) (PATENTS.COM for software that tracked patent applications). Although the Oppedahl Court noted that there would be rare occasions where such internet add-ons would not be generic or highly descriptive, the example it gave is far different from the facts of this case. The Oppedahl Court posited that a company named "tennis.net," where the use of the ".net" would be "a witty double entendre relating to tennis nets might have a registrable trademark." Id. at 1175. This case is not that case.

Here, the U.S. Patent and Trademark Office has already spoken on plaintiff's alleged trademark. Plaintiff pleads that it "owns U.S. Trademark Application for FRAGRANCENET, Serial No. 78/715,464." Proposed Third Amended Complaint, ¶29. Plaintiff does not mention that that trademark registration application has been rejected twice. See Fallek aff., Exhibits C-F. Plaintiff also does not mention that its two previous applications to register the very same trademark and to register "www.fragrancenet.com" were rejected by the PTO in 2000 and 2001. Fallek aff., Exh. A, B.

In September 2005, plaintiff filed its current application to register FRAGRANCENET. In May 2006, an examiner in the Trademark Office refused registration, finding the mark "merely descriptive":

> The mark is merely descriptive of the purpose, feature, function, use, benefit and/or characteristic of the services that are the subject of the application. Specifically, a computer based network featuring fragrances and/or a supply network featuring fragrances.

Fallek aff., Exhibit D. In November 2006, Plaintiff responded to the rejection, claiming that the mark had acquired distinctiveness through five years of use in commerce. In December 2006, the examiner in the Trademark Office again refused registration, stating that "because the applied-for mark is highly descriptive of applicant's goods and/or services, the allegation of five years' use is insufficient to show acquired distinctiveness." Fallek aff., Exhibit F.

Plaintiff's trade name is not a valid trademark, and all of plaintiff's proposed claims, which depend on misuse of a trademark belonging to plaintiff, are legally defective.

## POINT IV

## THE PROPOSED THIRD AMENDED COMPLAINT FAILS TO STATE A CLAIM FOR DILUTION

Dilution claims under either federal or New York law require a famous or extremely strong trademark, respectively. Because plaintiff's alleged trademark is not a valid trademark, much less a famous or extremely strong one, the dilution claims fail to state a claim upon which relief can be granted.

Under federal law, a dilution claim can only be made by "the owner of a famous mark that is distinctive, inherently or through acquired distinctiveness." 15 U.S.C. §1125(c)(1). Similarly, the New York dilution statute, General Business Law §360-*l*, protects only "extremely strong marks." Sally Gee, Inc. v. Myra Hogan, Inc., 699 F.2d 621, 625 (2d Cir. 1983). Accord Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc., 973 F.2d 1033, 1049 (2d Cir. 1992) (same); Malaco Leaf, AB v. Promotion in Motion, Inc., 287 F. Supp. 2d 355, (S.D.N.Y. 2003) (same – summary judgment granted); BigStar Entm't, Inc. v. Next Big Star, Inc., 105 F. Supp. 2d 185, 218 (S.D.N.Y. 2000). The courts look to the same factors under New York law as under federal law in assessing the strength of a mark for dilution claims. Strange Music, Inc. v. Strange Music, Inc., 326 F. Supp. 2d 481, 496 (S.D.N.Y. 2004); see also Mead Data Cent., Inc. v. Toyota Motor Sales, U.S.A., Inc., 875 F.2d 1026, 1031 (2d Cir. 1989).

Plaintiff's alleged mark, as shown above, is not even a valid trademark, much less a famous or extremely strong one. Consequently, plaintiff lacks the central element of a dilution claim under federal or state law, and the dilution claims here are fatally defective.

## POINT V

## THE PROPOSED THIRD AMENDED COMPLAINT FAILS TO STATE A CLAIM FOR UNJUST ENRICHMENT OR INJURY TO BUSINESS REPUTATION

The proposed claim for unjust enrichment (Count XI) is legally insufficient for additional reasons.

Unjust enrichment claims are quasi-contractual, requiring a relationship between the parties through which plaintiff confers a benefit upon defendant, which is not alleged here. In addition, unjust enrichment claims may not be used as substitutes for other causes of action that plaintiff cannot establish. Here, the unjust enrichment claim is nothing other than a trademark infringement claim missing elements that FragranceNet cannot plead.

"No contractual or quasi-contractual relationship is alleged .... '[A]n unjust enrichment claim, which is a quasi-contract claim, requires some type of direct dealing or actual, substantive relationship with a defendant. [cit. om.]'" Reading Int'l v. Oaktree Capital Mgmt. LLC, 317 F.

Supp. 2d 301, 333, 334 (S.D.N.Y. 2003). "The essence of a claim for unjust enrichment is that one party has parted with money or a benefit that has been received by another at the expense of the first party." Bazak Int'l Corp. v. Tarrant Apparel Group, 347 F. Supp. 2d 1, 4 (S.D.N.Y. 2004). "Unjust enrichment sounds in quasi-contract.... [P]laintiff, 'in order to recover under a theory of quasi-contract, ... must ... prove that performance was rendered for the defendant' ..." (cit. om.) Piccoli A/S v. Calvin Klein Jeanswear Co., 19 F. Supp. 2d 157, 166 (S.D.N.Y. 1998). It is not alleged that FragranceX had any relationship with FragranceNet or that FragranceNet did anything for or gave anything to FragranceX.

Moreover, the courts have not allowed plaintiffs with legally defective claims to recover on those claims anyway via "unjust enrichment." Claims based on the unauthorized use of plaintiff's name or likeness that do not meet the requirements of New York Civil Rights Law §§50 and 51 may not succeed as unjust enrichment claims. Hampton v. Guare, 195 A.D.2d 366, 600 N.Y.S.2d 57, 58-59 (1st Dep't 1983); Myskina v. Conde Nast Publ'ns, Inc., 386 F. Supp. 2d 409, 420 (S.D.N.Y. 2005). If parties have a contract covering a transaction, the contract governs their legal relations; one party cannot obtain additional rights through an unjust enrichment claim. Bazak, 347 F. Supp. 2d at 4. Similarly, when a statute fails to provide a private cause of action, a plaintiff cannot create an "unjust enrichment" claim based on violation of the statute. Broder v. Cablevision Sys. Corp., 418 F.3d 187, 203 (2d Cir. 2005); Han v. Hertz Corp., 12 A.D.3d 195, 196, 784 N.Y.S.2d 106, 107 (1st Dep't 2004); Hanys Serv., Inc. v. Empire Blue Cross & Blue Shield, 187 Misc. 2d 253, 721 N.Y.S.2d 750, 753 (Sup. Ct. Albany Co. 2001):

> "Mere attempts at 'artful pleading' to circumvent this bar against private actions will not be countenanced by the courts, and such theories of recovery will be dismissed." [cit. om.] To establish a common law cause of action the plaintiffs must identify to the court a common law duty owed by the defendants to the plaintiffs that did not arise out of the applicable statute.

FragranceNet's unjust enrichment claim is legally deficient.

Finally, plaintiff's proposed Count VIII, called "Injury to Business Reputation," appears merely to allege injury rather than some cause of action. As such it is either duplicative of those counts that attempt to allege known causes of action or simply does not allege a cause of action known to the law, and should be dismissed for those additional reasons.

## CONCLUSION

The motion for leave to amend should be denied because the proposed amendment would be futile.

Dated: May 18, 2007
New York, New York

MOSES & SINGER LLP

By: ______________________

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## CERTIFICATE OF SERVICE

The undersigned, a member of the Bar of this Court, hereby certifies that she has caused to be served by first class mail and by facsimile a true and correct copy of the foregoing Memorandum of Defendant FragranceX.com, Inc. in Opposition to Motion for Leave to Amend Complaint and the Affidavit of Joy Fallek in support thereof on this 18th day of May 2007, on the following counsel of record:

Rebecca K. Myers
Paul, Hastings, Janofsky & Walker LLP
75 East 55th Street
New York, N.Y. 10022

The above is the address designated by said attorneys for service.

Joy Fallek

Joy Fallek